

RISK APPETITE

Risk appetite does not exist in a vacuum; rather, it is an integral part of an organization's strategies for achieving objectives.

The concept of risk appetite/management permeates all organizations.

Organizations can, and should come to terms with what they believe to be their risk appetite. Once stated, risk appetite can be communicated and refined over time as the organization becomes more experienced with the concept.

Most importantly, developing risk appetite is the start of an organization's commitment to effective enterprise risk management. As with pursuing other enterprise objectives, understanding risk appetite will add value to your total organizational goals.

- Hazard Risk
- Financial Risk
- Liquidity Risk
- Market Risk

RISK THE POTENTIAL FOR LOSS

Identify Risk Responses:

- Accept = monitor
- Avoid = eliminate
- Reduce = institute controls
- Share = partner with someone = insurance

DETERMINE RISK APPETITE

- Risk appetite is the amount of risk--on a broad level--an entity is willing to accept in pursuit of value.
- Use quantitative or qualitative terms (such as earnings at risk vs reputation risk), and consider risk tolerance (range of acceptable variation).

R. A. MOORE CONSULTANTS

It is our belief that you cannot be an expert at everything. We have assembled a superior group of independent strategic partners to support our efforts - all are industry leaders in their respective fields:

- Insurance Companies
- Bond/Surety Underwriters
- Investment Bankers
- Private Equity Groups
- Equipment Leasing & Financing Professionals
- Oil & Gas Attorneys
- Tax Attorneys/CPA's
- Factoring Facilities
- Other Selected Professional Consultants as necessary

Collectively, these professional advisors constitute additional expertise to our efforts.

We look forward to meeting with you to discuss in detail the insurance and financial options that are available to make certain that your firm meets and exceeds your growth plans for the future.

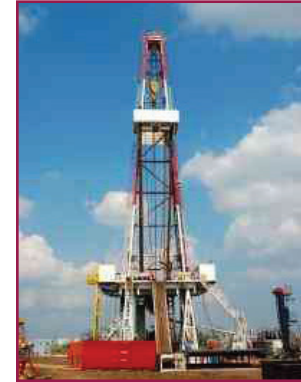
Our outstanding team has the credentials and experience to help you get to where you want to go.



Richard A. Moore, Principal

R. A. MOORE CONSULTANTS

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*Insurance Programs
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WORKING CAPITAL SOLUTIONS

While the costs of doing business in the energy industry are relatively clear, sources for operating capital are not. In the current economy, commercial lenders are hesitant to extend financing to business owners.

For business owners who are unable to obtain a traditional bank line of credit, the prospects for expansion and continued success may seem bleak. There are alternate options for obtaining the necessary capital, however, including the invoice factoring process.

UNDERSTANDING INVOICE FACTORING

(Also known as Accounts Receivable Financing)

***Example:**

A business provides goods or services for \$50,000

Sample Cost of Factoring may be:	
Business generates invoice to Customer ...	\$50,000
Factor advances 80% to Business	\$40,000
Reserve held by Factor	\$10,000
Factor receives payment from Customer ...	\$50,000
Factor subtracts the discount fee from the Reserve and rebates back to Business.....	\$9,000
Total Cost to Business for 30 days @ 2.0% per month	\$1,000
Total Cost to Business for 60 days @ 2.0% per month	\$2,000

By reducing the cash conversion cycle--a key metric monitoring the length of time between when a firm provides a product/service and the collection of payments from its customers--"you can improve the profitability of a company significantly!"

**For Illustration Purposes only actual fees may vary.*

EQUIPMENT FINANCING & LEASING

Equipment used in the E & P, Well Servicing & Completion and Pipeline Construction/Maintenance is often prohibitively expensive.

If you buy it with cash, you have to part with a whole lot of it, which means that you end up with less working capital.

Many business owners find that equipment financing and leasing is a key acquisition strategy and can also be a Working Capital Strategy

Have you considered a Sale-Leaseback of the equipment you already own?

Businesses ranging from small sole proprietors to Fortune 100 Companies finance/lease their equipment because of access to a wide range of benefits:

- 100% financing with no down payment
- Maintain working capital/cash flow
- Manage risk
- Hedge against inflation
- Plan expenses for cash flow and business cycle fluctuations
- Keep equipment up to date with newest/latest technology
- Address tax considerations
- Leverage Equipment knowledge/expertise
- No-hassle equipment disposal

With equipment financing and leasing being used by a majority of businesses in the energy sector, and accounting for about half of new equipment acquisitions; executives facing finance vs. cash purchase decisions should fully understand how the strategic use of equipment financing can enhance financial performance and capital productivity. R. A. Moore Consultants welcomes the opportunity to assist you in deciding how best to proceed.

INSURANCE ISSUES/SOLUTIONS

The energy industry is too diverse and complex to ever offer a one-size fits all solution.

Every company, operation and location presents its own unique operations and exposures.

For those involved in the exploration, production, well completion/servicing, product gathering, or transporting by pipeline, truck, or rail; you face unique exposures to risk.

We will help protect you and your investment as well as support your growth.

Balancing this opportunity with the appropriate risk management strategies and risk transfer products/solutions is critical in order to have the necessary protection in the event an operational, financial, hazard or market loss should occur.

We can perform a complimentary coverage review based on your class of business and contract requirements due to:

- Indemnification language/penalty clauses MSA language
- Knock for Knock Indemnification
- Claims Made vs. Occurrence Coverage Policy
- Additional Insured Requirements
- Certificates of Insurance
- Total cost of Risk defined

Clearly there are numerous risks in the energy industry that are very real and need to be carefully managed. R. A. Moore Consultants along with our strategic partners experience, ensures that our clients enjoy effective, tailored risk management and insurance programs.